



**California Board of Accountancy**  
 2450 Venture Oaks Way, Suite 300  
 Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



**DEPARTMENT OF CONSUMER AFFAIRS  
 CALIFORNIA BOARD OF ACCOUNTANCY**

**MINUTES OF THE  
 November 19, 2020  
 CALIFORNIA BOARD OF ACCOUNTANCY  
 TELECONFERENCE MEETING**

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

California Board of Accountancy (CBA) President Nancy J. Corrigan, CPA, called the meeting to order at 10:03 a.m. on Thursday, November 19, 2020. The CBA held the meeting via teleconference, consistent with the provisions of Governor Newsom's Executive Order N-29-20 dated March 17, 2020. The CBA recessed at 12:45 p.m. The CBA reconvened at 1:41 p.m. until 2:59 p.m. The CBA convened into closed session from 3:07 p.m. until 5:25 p.m. President Corrigan adjourned the meeting at 5:25 p.m.

President Corrigan read the following into the record:

"The CBA's mission is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards. This mission is derived from the statutory requirement that protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount."

CBA Members

Nancy J. Corrigan, CPA, President  
 Michael M. Savoy, CPA, Vice-President  
 Mark J. Silverman, Esq., Secretary/Treasurer  
 George Famalett, CPA  
 Mary M. Geong, CPA  
 Karriann Farrell Hinds, Esq.  
 Dan Jacobson, Esq.  
 Xochitl A. León  
 Luz Molina Lopez  
 Carola A. Nicholson, CPA  
 Zuhida "Dee Dee" Owens, CPA

November 19, 2020

10:03 a.m. to 5:25 p.m.  
 10:03 a.m. to 5:25 p.m.  
 11:04 a.m. to 5:25 p.m.  
 10:03 a.m. to 5:25 p.m.  
 10:03 a.m. to 5:25 p.m.  
 10:03 a.m. to 5:25 p.m.  
 10:03 a.m. to 5:25 p.m.  
 10:03 a.m. to 5:25 p.m.  
 10:03 a.m. to 5:25 p.m.  
 10:03 a.m. to 5:25 p.m.

CBA Members

Ariel Pe  
Deidre Robinson  
Katrina L. Salazar, CPA  
Yen Tu

November 19, 2020

10:03 a.m. to 5:25 p.m.  
Absent  
10:03 a.m. to 5:25 p.m.  
10:03 a.m. to 5:25 p.m.

Staff and Legal Counsel

Carrie Holmes, Deputy Director, Board and Bureau Relations, Department of Consumer Affairs (DCA)  
Patti Bowers, Executive Officer  
Deanne Pearce, Assistant Executive Officer  
Rich Andres, Information Technology (IT) Staff  
Michelle Center, Chief, Licensing Division  
Elizabeth Coronel, Strategic Business Analyst, DCA  
Mary Kathryn Cruz Jones, DCA Executive Office  
Theodore Dracar, Deputy Attorney General (DAG), Department of Justice (DOJ)  
Emmanuel Estacio, IT Support Analyst  
Dominic Franzella, Chief, Enforcement Division  
Helen Geoffroy, Legal Counsel, DCA  
Patrick Ibarra, Information Officer II  
Amir Larian, Website Analyst  
Ryan Perez, DCA  
Rebecca Reed, Board Relations Analyst  
Mike Sanchez, Television Specialist, Office of Public Affairs, DCA  
Bill Zarriello, SOLID Trainer, DCA

Committee Chairs and Members

Douglas Aguilera, CPA, Chair, Enforcement Advisory Committee (EAC)  
Jeffrey De Lyser, CPA, Chair, Peer Review Oversight Committee (PROC)  
Kimberly Sugiyama, CPA, Chair, Qualifications Committee (QC)

Other Participants

Danette Brown, Administrative Law Judge (ALJ), Office of Administrative Hearings  
Jason Fox, Vice President of Government Relations, California Society of CPAs (CalCPA)  
Sedrik Newbern, Operations Director, National Association of State Boards of Accountancy (NASBA), Center for Public Trust  
Aaron Obenyah, Petitioner  
Ryan Sanjeet, Diamond Court Reporters

I. Public Comments for Items Not on the Agenda.

No public comments were received.

## II. Report of the President.

### A. Presentation From Sedrik Newbern, Operations Director, National Association of State Boards of Accountancy, Center for Public Trust, Regarding Ethical Leadership Certification and Training Programs.

Mr. Newbern provided a presentation regarding the NASBA Center for Public Trust's (CPT) Ethical Leadership Certification and training programs and how the Ethical Leadership Training is being utilized in disciplinary actions.

Mr. Newbern stated that the CPT has a great opportunity to help shape and encourage ethical leadership through the training programs that are being offered for college students and professionals.

Mr. Newbern stated that the ethical leadership program is designed for practitioners to recognize ethical issues. He stated that the ethical leadership training provides tools, education, and resources to help in the decision making process.

Mr. Newbern stated that there are currently 13 states, along with a special arrangement with North Carolina, utilizing the ethical leadership training program in response to disciplinary actions.

Mr. Newbern stated that the program helps to shape future behaviors, provides tools and resources to make ethical decisions, and it's easy for boards of accountancy to implement. He stated that there is no cost to the boards of accountancy and that the cost of the program is passed on to the practitioner.

Mr. Newbern stated that some of the features included are technical support 24 hours a day, seven days a week, the content is research based, the course utilizes a three-module training program, and is an auditable course with tracking and reporting components.

Ms. Salazar inquired if any of the proceeds from the fees that are charged for the training course go to assist future leaders in ethical decision-making.

Mr. Newbern stated that the proceeds from the course go to support the work the CPT does within their student programs. He stated that the CPT has 48 college campus organizations around the country and one in Guam.

Ms. Nicholson inquired of the 13 states that are utilizing the training, do those states require the training or if the training is optional.

Mr. Newbern stated that some of the states require the training to be completed as part of a disciplinary action and it is voluntary in other states. He stated that the states where they are seeing the most engagement and

the most success are the states that have required the training as part of a disciplinary action.

Mr. Jacobson inquired if any CBA members or staff have taken the training.

President Corrigan stated that not at this time. She stated that staff can look into the training considering its importance.

Ms. Molina Lopez inquired if the training can be taken for continuing education (CE) credit and not just to comply with a disciplinary action.

Mr. Newbern stated that the course was structured so that it could also be considered for CE credit. He stated that it would be something that each state would need to work with NASBA to make sure that the training follows a particular state's guidelines for qualifying CE.

Mr. Newbern stated that the training is not specific to CPAs and can be utilized by any professional to promote ethical leadership.

#### B. Update on Call With DCA Director Regarding General Fund Loans.

President Corrigan stated that she, along with Vice-President Savoy and Ms. Bowers, participated in a phone call with DCA Director Kimberly Kirchmeyer regarding concerns on the impact of the \$10 million loan from the Accountancy Fund.

President Corrigan stated that the effects of the loan include a decrease in the Months in Reserve level to 6.3 in fiscal year (FY) 2020-21, and a decrease to 5.1 for FY 2021-22.

President Corrigan stated that although the loan is scheduled for repayment with interest in FY 2024-25, Director Kirchmeyer provided assurances that the Director of the Department of Finance may authorize early repayment if deemed necessary in order to preserve the CBA's ability to carry out its consumer protection mandate and enforcement activities.

President Corrigan stated that the DCA Budget Office, as well as CBA staff will be monitoring the Accountancy Fund and continue to report on the CBA's fund balance at future CBA meetings.

#### C. 2021 California Board of Accountancy Member Committee Interest Survey.

President Corrigan provided an overview of the Committee Interest Form, which is used to appoint members to committees that assist the CBA with its consumer protection mission. President Corrigan stated that CBA Members should complete the Committee Interest Form, as the form will be used by the next CBA President to appoint members to the Committee on Professional

Conduct (CPC), Enforcement Program Oversight Committee (EPOC), Legislative Committee (LC), Mobility Stakeholder Group (MSG), and the CBA liaisons for the EAC, PROC, and QC.

- D. Announcement of California Board of Accountancy Members and Staff Appointed to the National Association of State Boards of Accountancy Committees.

President Corrigan reported that the following CBA members were appointed/reappointed to a NASBA committee:

- Nancy J. Corrigan, CPA – Continuing Professional Education Committee
- Katrina L. Salazar, CPA – NASBA Board of Directors Pacific Regional Director
- Katrina L. Salazar, CPA – Chairperson of the Relations with Member Boards Committee
- Patti Bowers – Strategic Planning Task Force

- E. Discussion and Possible Action on the American Institute of Certified Public Accountants Exposure Draft on the Proposed Interpretation of the American Institute of Certified Public Accountants Code of Professional Conduct – Staff Augmentation Arrangements.

Mr. Franzella stated that for this item, the CBA was being asked if they wish to issue a comment letter to the American Institute of Certified Public Accountants (AICPA) regarding the recent 2020 Exposure Draft on possible changes to the AICPA Code of Professional Conduct on Staff Augmentations.

Mr. Franzella stated that the CBA originally discussed the topic of staff augmentation at its July 2019 meeting. He stated the CBA directed staff to work with CBA Member, Katrina Salazar to draft a comment letter to the AICPA regarding the CBA's concerns with the staff augmentation proposal and the impact to the CBA's mission of consumer protection.

Mr. Franzella stated that after the July CBA meeting the AICPA took steps to reframe the concept of staff augmentation and staff monitored the topic for a revised exposure draft.

Mr. Franzella stated that the AICPA released a revised exposure draft and comments regarding the revised draft would be accepted through December 8, 2020. He stated that the revised exposure draft included safeguards designed to mitigate the impact on independence that could arise from staff augmentation.

Mr. Franzella stated that staff did not evaluate the proposal as it related to whether it is good policy, but have only looked at its applicability to existing

CBA regulations. He stated that the impact to California as it pertains to continued regulation should the AICPA adopt the proposed change outlined in the revised Exposure Draft, would be that the new interpretation to independence related to staff augmentation would be allowable. He stated that as with the first iteration of the AICPA proposal, the issues regarding enforceability remain, as the safeguards remain highly subjective and open to considerable interpretation, even with the revisions.

Mr. Franzella stated that as the CBA considers the 2020 exposure draft, members should consider the practical application of how the concept of staff augmentation would affect its mission of consumer protection and whether it advances or detracts from this overall mission.

Mr. Franzella stated that if the CBA wishes to issue a comment letter to the AICPA related to any perceived or demonstrable impacts to the CBA's mission of consumer protection, staff request that the CBA provide direction on information to include in the letter and assign a CBA member to work with staff in the preparation of a comment letter for signature by the CBA President.

Mr. Franzella stated that staff will continue to monitor possible adoption by the AICPA, and if the CBA believed it would adversely impact its consumer protection mission, the CBA could seek to amend or adopt a new regulation to offset the impact.

Mr. Franzella stated that NASBA issued a comment letter to the AICPA dated November 2, 2020 in support of the proposed interpretation of staff augmentation, as an appropriate position, neither allowing staff augmentation arrangements with safeguards, as proposed in the Exposure Draft dated September 8, 2020, nor imposing a complete ban on such arrangements.

Mr. Jacobson inquired why a client would need to hire from an independent accounting firm.

Mr. Franzella stated that he did not know the origin behind the staff augmentation proposal. He stated that in the exposure draft to some extent, there are some international standards that address it and the AICPA speaks to it in the proposal. He stated that the AICPA was trying to potentially create some conformity with those.

Ms. Salazar stated that this came about through the Professional Ethics Executive Committee (PEEC), which is a joint committee comprised of members of AICPA and NASBA. She stated that the understanding is that there are auditors today performing services in some of these areas and that this puts limitations on when an independent auditor is performing these services. She stated that the heart of the concern is why an independent auditor would be providing services and if their services are truly needed and

are they already compromised. She stated that all of the revisions have been an effort to protect consumers in narrowing the scope and the situations in which this is considered allowable and to give guidance that both boards of accountancy and practitioners can follow.

Ms. Molina Lopez stated that prior to NASBA's November 2, 2020 comment letter, they had expressed their concerns. She stated that per the November 2, 2020 letter, NASBA now supports the revisions that were made to the exposure draft. She inquired if this was going to soften the CBA's approach to the exposure draft.

Ms. Salazar stated that NASBA was originally opposed and there has been a great deal of advocacy on the side of the regulators within PEEC to push back and narrow the items that caused concern. She stated that there have been a series of letters from PEEC and the concerns stated in the letters have been incorporated into the revised exposure draft. She stated that there are further clarifications, even with the NASBA letters, that the CBA is requesting. She stated that the sentiment from NASBA is that in their support of the revised exposure draft is that there has been significant movement in the continuum towards consumer protection and a significant improvement in the narrowing of terms and situations in which this is allowable. She stated that even today, NASBA is saying that the AICPA and PEEC should continue making edits. She stated that at the annual NASBA meeting, NASBA requested that boards comment on the exposure draft because ultimately it is in the CBA's best interest to say whether or not the CBA believes this is acceptable practice.

President Corrigan stated that the responses to the exposure draft are very necessary and needed.

Mr. Franzella stated that the only thing he would continue to emphasize is there is still a significant amount of subjectivity to some of these issues. He stated that there are references in the exposure draft to rebuttable presumption, which puts the responsibility on the regulator to rebut why a position that the firm may have taken was inappropriate or failed to adhere to the guidelines. He stated that from an enforcement standpoint, there is a considerable level of subjectivity and could make it difficult to enforce. He stated that it is unknown how often this is used so it is unknown how often it would come to staff's attention.

Ms. Salazar inquired if the CBA had received any complaints regarding the appearance of lack of independence in these types of situations.

Mr. Franzella stated that there was one case that was litigated over several years and was just recently resolved. He stated that the case was related to independence and a staff person potentially jeopardized that independence because they were a contractor or working in a certain environment that

jeopardizes independence. He stated that the CBA prevailed on that particular matter. He stated that it is not a common issue that arises, but when it does, the safeguards we have in place now allow for a much more direct approach than what would be allowed for in the staff augmentation proposal.

Ms. Salazar stated that the issues she has heard the CBA express are the same issues that she has heard expressed by other boards which is how we would enforce the matter. She stated that ultimately that is the challenge. She stated that the CBA could comment on whether or not the CBA believes the exposure draft is moving in the right direction. She suggested that the CBA's letter should include language that states if the exposure draft is approved, the CBA would look to NASBA to provide some guidance to state boards on enforcing this because the nature of the current enforcement structure that the CBA has in place is not set up to handle this and would be problematic to enforce.

Ms. Molina Lopez stated that it would be beneficial for the comment letter to include the previous litigation case that took many years to resolve.

**It was moved by Ms. Molina Lopez and seconded by Ms. Salazar to direct staff to work with CBA Member, Katrina Salazar to draft and send a comment letter to the AICPA regarding the AICPA's Exposure Draft on the Proposed Interpretation of the AICPA's Code of Professional Conduct – Staff Augmentation Arrangements.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. Leon, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, and Ms. Tu.**

**No: None.**

**Absent: Ms. Robinson and Mr. Silverman.**

**Abstain: None.**

**F. California Board of Accountancy 2020 Legislative Tracking Chart.**

This was a written report only.

**G. Department of Consumer Affairs Director's Report on Departmental Activities.**

Deputy Director Holmes reported that after a temporary closure in March due to state and local stay-at-home orders to prevent the spread of COVID-19, DCA offices remain open with preventative measures to safeguard the health and safety of employees and visitors. She stated the DCA continues to partner with the Governor's office and Business, Consumers Services, and



Housing Agency on statewide efforts related to awareness and enforcement of public health measures.

Deputy Director Holmes stated that the economic impacts of COVID-19 and unprecedented wildfire activities are expected to last for several years. She stated that DCA needs to take immediate action to reduce costs and maximize efficiency to support all of California. She stated that in April, DCA and all boards and bureaus worked to limit expenditures in hiring to only those necessary to support core functions and emergency response activities. She stated that this week, DCA learned the department will be required to take a five percent permanent budget reduction no later than FY 2021-22. She stated that each board and bureau will also need to develop a plan for a five percent permanent budget reduction.

Deputy Director Holmes stated that Board and Bureau Relations has conducted three brown bag trainings this fall to provide executive officers the opportunity to learn and discuss best practices on topics that include appointments, managing staff remotely, and providing Americans with Disabilities Act compliant meeting materials to board members and the public. She stated that in partnership with DCA SOLID Training Unit, board member orientation trainings have been held quarterly as remote sessions. She stated that a new training for board presidents is in the planning stages.

III. Report of the Vice-President.

A. Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee.

**It was moved by Mr. Savoy and seconded by Ms. Geong to reappoint Douglas Aguilera, CPA as Chairperson and appoint Kathy A. Johnson, CPA as Vice-Chairperson to the EAC effective January 1, 2021 through December 31, 2021.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. Leon, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, and Ms. Tu.**

**No: None.**

**Absent: Ms. Robinson and Mr. Silverman.**

**Abstain: None.**

B. Recommendations or Appointment(s)/Reappointment(s) to the Qualifications Committee.

**It was moved by Mr. Savoy and seconded by Ms. Tu to appoint Mehrnaz “Nasi” Raissian, CPA as Chairperson and Michael L. Williams, CPA as Vice-Chairperson to the QC effective January 1, 2021 through December 31, 2021 and to reappoint Pradeep Budhiraja, CPA to the QC.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. Leon, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, and Ms. Tu.**

**No: None.**

**Absent: Ms. Robinson and Mr. Silverman.**

**Abstain: None.**

**C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee.**

**It was moved by Mr. Savoy and seconded by Ms. Salazar to appoint Renee Graves, CPA as Chairperson and Sharon Selleck, CPA as Vice-Chairperson to the PROC effective January 1, 2021 through December 31, 2021.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. Leon, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, and Ms. Tu.**

**No: None.**

**Absent: Ms. Robinson and Mr. Silverman.**

**Abstain: None.**

**IV. Report of the Secretary/Treasurer.**

**A. Fiscal Year 2019/20 Year End Financial Report.**

Mr. Silverman reported that the CBA budget authority for FY 2019-20 was \$17,022,000. He stated that the actual expenditures for FY 2019-20 were \$14,779,356. He stated that the CBA finished FY 2019-20 with an approximate surplus of \$2.5 million or 15.5 percent of the CBA’s budget.

He stated that there was an increase in enforcement expenditures in FY 2019-20 due to the increase in the hourly rate for Attorney General’s Office services.

Mr. Silverman stated that the total revenues for FY 2019-20 were \$12,680,000, which was an increase of approximately 20 percent over FY 2018-19.

Mr. Silverman stated that the CBA ended FY 2018-19 with 18.3 months in the reserve fund and ended FY 2019-20 with 14 months in the reserve fund. He stated that the months in reserve will further decrease as a result of the \$10 million loan to the General Fund.

Ms. Nicholson inquired on the increase in other reimbursements from prior fiscal years.

Ms. Pearce stated that there are scheduled reimbursements and unscheduled reimbursements. She stated that the unscheduled reimbursements are monies that are received from enforcement matters. She stated that monies received from enforcement matters fluctuate from year to year.

Ms. Nicholson inquired if the CBA can save on travel expenses for CBA members in future years.

Ms. Pearce stated that there will be less travel expenses as the CBA transitions to virtual meetings, not only for the CBA, but also for the statutory committees.

V. Report of the Executive Officer.

A. Presentation of the California Board of Accountancy Annual Report.

Ms. Pearce stated that the CBA's Annual Report discusses the accomplishments of the CBA during the prior fiscal year as the CBA fulfills its mission of consumer protection. Ms. Pearce provided select highlights from the report.

Ms. Nicholson inquired if staff have been able to reduce the processing timeframes that were increased due to COVID-19 and the CBA office closure.

Ms. Pearce stated that there has been a significant decrease in the processing timeframes since the September CBA meeting. She stated that staff in all areas have been assisting the Licensing Division to decrease the processing timeframes.

B. Discussion and Possible Action Regarding Continuing Education Reciprocity.

Mr. Franzella stated that the purpose of this item is for the CBA to decide if they wish to seek any necessary law changes to enact policy to allow CPAs who are non-residents to meet the CE requirements of California by meeting

the CE requirements for renewal of the license in the state in which the licensee's principal place of business is located.

Mr. Franzella stated that members previously discussed the need to continue to require specified CE as it related to regulatory review and governmental auditing and accounting and auditing (A&A) CE.

Mr. Franzella stated that 33 jurisdictions maintain CE reciprocity, with three states maintaining authority to determine if the requirements of the other state are equivalent, two allowing for it if the other state maintains a CE ethics requirement, and one will adopt CE reciprocity when its CE requirement takes effect in 2021.

Mr. Franzella stated that in May of 2019, members appeared to be generally accepting of CE reciprocity provided it did not become overly burdensome and complicated to enact. He stated that members were especially interested in the impact on signers of attest reports completing the government auditing or A&A CE.

Mr. Franzella stated that California's CE requirements are dictated by the work licensees perform not on whether they received a license that authorizes them to sign reports on attest engagements. He stated that once the CBA issues a license with the authority to sign reports on attest engagements, the authority is not rescinded except as a result of a disciplinary matter where a decision and order includes a restricted practice provision.

Mr. Franzella stated that the requirements for governmental auditing and A&A CE, which if licensees are required to complete also necessitates the four-hour fraud CE requirement be completed. He stated that the completion of this CE is not predicated on whether a licensee was issued a license with or without the authority to sign reports on attest engagements. He stated that completion of this CE is predicated on the work performed during the two-year period immediately preceding license renewal.

Mr. Franzella stated that it is common for CPAs who are not authorized to sign reports on attest engagements to complete work that subjects them to completing governmental auditing or A&A CE.

Mr. Franzella stated that staff attempted to examine the possible population that may be affected should the CBA seek to institute CE reciprocity. He stated that the population of California CPAs that maintain an out-of-state address as their address of record is 13,500 and represents 13 percent of the licensee population. He stated that those numbers do not identify if the licensee possess another license in the state which they reside or whether they are actively practicing.

Mr. Franzella stated that as members consider CE reciprocity, staff do not have any recommendation on the overall policy, but does concur with members that any policy should minimize any carve outs. He stated that if CBA does seek to implement CE reciprocity, staff would recommend the only carve out being the regulatory review course.

Ms. Salazar inquired if CE reciprocity would reduce complexity and barriers to license holders in other states should they actually want to be licensed in California. She stated that California already has mobility and inquired if there would be a potential offset where California might become more attractive for CPAs to become licensed in California.

Mr. Franzella stated that while the CE rules in California are somewhat complex, they are also very flexible. He stated that the majority of CE licensees complete in other states is acceptable in California. He stated that the only time it becomes potentially burdensome to licensees is when licensees need to complete California specific CE which includes the two-hour regulatory review course which is required every six years and A&A CE when performing attest work. He stated that if a licensee is actively working in a field of accounting and auditing or government auditing, then they are required to meet those specified requirements.

Mr. Franzella stated that he is unsure on whether or not it would make this attractive to licensees maintaining an active California license or potentially applying for a license in California.

Ms. Tu inquired that with many things moving to a virtual platform, including CE courses, would this encourage licensees in other states to take CE courses from California and would this encourage out-of-state licensees to obtain a license in California.

Mr. Franzella stated that CE is not required to be taken in any specific way from a California vendor or a California specific provider. He stated that California CE requirements are placed on the licensee on selecting appropriate providers, which allows for a lot of flexibility for the licensee. He stated that the CBA has had either some form of self-study or webcast CE for self-study for quite some time and licensees have flexibility in the methodology in which they can complete their CE. He stated that while the pandemic has had significant impact in many ways, CE is something that is still readily available in terms of self-study and webcast.

Ms. Owens inquired on where the topic of CE reciprocity came from, the CBA or from practitioners.

Mr. Franzella stated that as we were coming out of practice privilege, mobility provisions and making those permanent, the CBA requested staff evaluate the CE reciprocity topic.

Ms. Salazar inquired that if a licensee practices in California under reciprocity, would the CBA's disciplinary guidelines allow the CBA to require a CPA to take certain CE courses as part of a disciplinary action.

Mr. Franzella affirmed that the disciplinary guidelines allows for the CBA to require a licensee to take certain CE courses as part of a disciplinary action when practicing under reciprocity. He stated that in terms of a stipulated settlement, it could easily be done on the CBA's side, but would be less recognizable for an ALJ and you would potentially get a lot of disparity. He stated that the CBA would either need to correct that at the time they are considering a proposed decision or move forward with whatever the decision states. He stated that of the other enforceability areas, it would be the structure that the CBA looks at in terms of it's carve outs because we are relying on another state to oversee their CE.

Ms. Salazar stated that she likes the idea of reciprocity but California has far more CE requirements than any other state. She stated that there is substantial equivalency between states. She stated that she likes the idea of states that require ethics CE because it is critical. She stated that there should also be a carve out for the regulatory review course. She stated that it is bothersome that the CBA's disciplinary guidelines might present some issues with an ALJ making a decision of discipline in a proposed decision because they do not have the tool to require specific CE as part of a decision.

Ms. Salazar requested that the topic of CE reciprocity be deferred until the CBA has a chance to review its disciplinary guidelines to make any necessary updates.

Mr. Franzella stated that if the CBA were overall supportive of the concept, staff would address the areas of concern with an overall package so if reciprocity were to be implemented, staff would also be updating the disciplinary guidelines to address the areas of concern.

Mr. Jacobson stated that the area of reciprocity seems complicated. He stated that if a CPA would like to work in California, then they should obtain a license in California or use mobility. He stated that it seems like we are adding work to staff that is unnecessary considering that other options are available for practitioners to work in California.

Mr. Fox stated that part of the CE reciprocity was a remaining topic for discussion after mobility was fully implemented. He stated that when you have more licensees that were licensed in multiple states for a variety of reasons, if there was an 80-hour CE requirement, licensees were taking 90 to 100 hours of CE to meet different requirements in various states. He stated that now under a mobility framework, there will probably be less licensees that are licensed in multiple states.

C. Update on the California Board of Accountancy's Communications and Outreach.

Ms. Pearce stated that the CBA took part in two virtual outreach events since the September CBA meeting. She stated that President Corrigan spoke to a statewide audience of students in CalCPA's "From Community College to CPA" event on September 24.

Ms. Pearce stated that on October 6, President Corrigan spoke to approximately 200 finance and accounting students from California State Polytechnic University (Cal Poly), Pomona at an event titled "Pathway to Licensure." She stated that after the presentation portion of the event, CBA staff conducted individual assessments with students reviewing their transcripts and providing guidance regarding the educational requirements for examination and licensure. She stated that Cal Poly Pomona has requested the CBA conduct two events in 2021.

Ms. Pearce stated that a list of Frequently Asked Questions about new legislation regarding California CPAs rendering services to cannabis businesses was recently added to the CBA website.

Ms. Pearce stated that staff are pursuing ways to maximize email communication with our licensees. She stated that a license renewal email campaign is one of the first projects with this purpose in mind. She stated that staff will be sending a series of emails to licensees at six-month intervals during their two-year license period providing valuable information about the renewal process. She stated that reminders to complete continuing education on time will be a significant part of the campaign and the goal is to educate licensees and reduce the volume of renewal deficiencies.

Ms. Pearce stated that the CBA is seeing increased traffic on its social media platforms. She stated that since the September CBA meeting, Twitter following surpassed 3,000, while LinkedIn now has over 1,000 followers. She stated that the Processing Dates Calendar updates continue to be popular posts, generating many comments and inquiries each week, and appreciative followers often thank CBA staff.

VI. Report on the Enforcement Advisory Committee, Qualifications Committee, and Peer Review Oversight Committee.

A. Enforcement Advisory Committee.

1. Report of the October 8, 2020, Enforcement Advisory Committee Meeting.

Report provided under agenda item VII.A.

B. Qualifications Committee.

1. Report of the October 21, 2020, Qualifications Committee Meeting.

Report provided under agenda item VIII.A.

2. Approval of the 2021 Qualifications Committee Meeting Dates.

**It was moved by Ms. Nicholson and seconded by Ms. León to approve the 2021 QC meeting dates.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. Leon, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Robinson.**

**Abstain: None.**

C. Peer Review Oversight Committee.

There is no report on this agenda item.

VII. Report of the Enforcement Chief.

A. Enforcement Activity Report.

Mr. Franzella provided an overview of this item.

Ms. Owens requested background regarding FY 2019-20 and the difference between cost recovery that was ordered and cost recovery that was collected.

Mr. Franzella stated that cost recovery is a rolling three year window and generally related to what was ordered in one year and what is being collected because probation generally lasts three years.

Ms. Salazar inquired regarding cost recovery, how it is reconciled to the budget number for the actual expenses for the year.

Mr. Franzella stated that staff will review and provide the information on a future report.

VIII. Report of the Licensing Chief.

A. Licensing Activity Report.



Ms. Center provided an overview of this item.

IX. Meeting Minutes.

- A. Adoption of the Minutes of the September 24, 2020, California Board of Accountancy Meeting.

**It was moved by Mr. Silverman and seconded by Mr. Pe to adopt the minutes of the September 24, 2020 California Board of Accountancy meeting, which included non-substantive edits that were noted after the minutes were received.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Robinson.**

**Abstain: None.**

- B. Acceptance of the Minutes of the July 9, 2020, Enforcement Advisory Committee Meeting.
- C. Acceptance of the Minutes of the January 22, 2020, Qualifications Committee Meeting.

**It was moved by Mr. Silverman and seconded by Ms. Owens to accept items IX.B. and IX.C.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Robinson.**

**Abstain: None.**

X. Other Business.

- A. American Institute of Certified Public Accountants.

1. Report on Meetings of the American Institute of Certified Public Accountants Attended by a California Board of Accountancy Representative.

- a. Business Environment and Concepts Subcommittee.

President Corrigan reported she participated in the Business Environment and Concepts (BEC) portion of the Uniform Certified Public Accountant Examination (CPA Exam) at the AICPA October 7, 2020 virtual meeting. She stated that the purpose of the BEC Subcommittee is to review multiple choice questions and task-based simulations or problems for the BEC section of the CPA Exam. She stated that the BEC Subcommittee reviews and updates the BEC portion of the CPA Exam blueprint once a year.

- b. State Board Committee.

Ms. Salazar reported that at the October 21, 2020 meeting there was discussion regarding international testing, discussion regarding the roll out of remote testing, and security issues with remote testing. She stated that there was discussion regarding the new CPA Exam for licensure, which is planned to launch in 2024 and the intermediary steps involving model curriculums. She stated that the goal is to have those produced during 2021 for educators and then followed by exam blueprints. She stated that the exam blueprints, which reflect the changes, will go to all of the state boards for review and comment.

Ms. Salazar stated that the next meeting of the State Board Committee will be held on January 12, 2021.

## B. National Association of State Boards of Accountancy.

1. Report of the National Association of State Boards of Accountancy Pacific Regional Director.

Ms. Salazar reported that NASBA sent out a quarterly communications pack via email on November 13, 2020. She stated that the communications pack included a summary of all of the state board's responses to the Focus Questions that were submitted last quarter. She stated that this quarter's Focus Question responses are due by January 5, 2021.

Ms. Salazar stated that NASBA put out a webcast regarding remote testing and an invitation to attend the webcast was extended to all board members.

2. Report on Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Member or Staff.

a. Report of the National Association of State Boards of Accountancy Annual Meeting held November 2 through November 4, 2020.

President Corrigan reported that the theme of the virtual NASBA Annual Meeting was resilience, which was appropriate given all of the changes in the accountancy profession and everything the world is going through with COVID-19.

President Corrigan stated that one of the highlights of the meeting include the Uniform Accountancy Act revision to place emphasis on information technology related courses and state boards' responsibilities for recognizing accredited organizations. She stated that there was a presentation regarding what accrediting bodies do and the extent that state boards can rely on them.

President Corrigan stated that there was discussion regarding the new model CPA Exam. She stated the feedback from the CPA Exam candidates was positive. She stated that the biggest concern is with the academic world and making resources available to them to transition and update their curriculum to line up with the CPA Exam. She stated that a practice analysis will begin now and an exposure draft for public comment will be available in 2022.

President Corrigan stated that there was discussion regarding the changing business environment due to the pandemic and ethical challenges, which included remote auditing and screen sharing. She stated that they also discussed the impact of possible use of insecure networks, performing external services, and client situations during this time.

President Corrigan stated that there was discussion with the Alliance for Responsible Professional Licensing, which is an alliance that promotes a balanced approach to professional licensing. She stated that they also advocate for licensing practices within professions that deliver uniform qualifications, standards, safety, and consistency, while providing individuals with fair opportunities to pursue and maintain professional licensing careers. She stated that they want to represent the value of licensing and that is not a barrier and does not stifle growth.

President Corrigan stated that diversity was an important topic at the meeting. She stated that the North Carolina Agricultural and Technical State University model program discussed the need to increase the

pipeline of diverse CPA talent. She stated that they are looking into systemic barriers facing minority students. She stated that a new organization called the National Society of Black CPAs was established in June of 2020. She stated that the organization will be a resource for black candidates to promote the benefits of becoming and practicing as CPAs.

President Corrigan stated that the topic of remote exam testing and proctoring was discussed. She stated that it is labeled as Prometric Proctor Systems and is being considered with the question of whether this should just be applied only in times of emergencies when many testing sites are closed down and not available, or should it be generally available. She stated that some of the issues with remote testing are dealing with security, technology of linking into the prometric program from non-prometric sites, procedures needing to be established, and how to prevent cheating on the exam. She stated that state boards of accountancy will have an opportunity to consider remote testing and the degree to which it will be utilized.

President Corrigan stated that in July of 2021, the updated CPA Exam for the last practice session will become active. She stated that topics such as data analytics and technology will be stressed and other areas that were not relevant to the typical one to two years of experience in completing the CPA Exam are being removed making the CPA Exam more relevant to present time.

President Corrigan stated that there was a legislative update at the meeting and two of the top ten issues impacting regulation of the accounting profession was budget and finance and occupational licensing issues.

President Corrigan stated that on the second day of the meeting she represented California and voted for the 2021 NASBA board officers and directors. She stated that she also voted on by-law changes. She stated that the third day of the meeting consisted of a meeting of board presidents and chairs and discussion included issues that each state was going through.

Ms. Salazar reported that during the meeting, there was a regional breakout session that included more than 30 participants. She stated that they discussed issues including model rules and webinars regarding remote testing. She stated that one of our neighboring states commented that they were starting to see the impact of a decline in peer reviewer population and their PROC is starting to have concerns. She stated that the CBA has been working with our own PROC regarding this issue.

Ms. Geong stated that since the previous NASBA meetings involved out-of-state travel expenses, it was difficult for members to receive approval to attend the meetings. She stated that she appreciated that this year's meeting was virtual which allowed all members to attend, if they wished. She stated that she was interested in hearing about the update regarding the new CPA Exam and the accounting education roles in the evolution to meet the new requirements. She stated that she was invited to sit on the San Francisco State University Accounting Department's Curriculum Advisory Board and she was able to bring information regarding the new CPA Exam to that committee.

b. Continuing Professional Education Committee.

There was no report on this agenda item.

c. Relations With Member Boards Committee.

There was no report on this agenda item.

d. Strategic Planning Task Force.

There was no report on this agenda item.

XI. Officer Elections.

A. Secretary – Treasurer.

**It was moved by Mr. Jacobson and seconded by Ms. Geong to reappoint Mark J. Silverman, Esq. as Secretary/Treasurer of the California Board of Accountancy.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Robinson.**

**Abstain: None.**

B. Vice-President.

**It was moved by Ms. Molina Lopez and seconded by Ms. Nicholson to reappoint Michael M. Savoy, CPA as Vice-President of the California Board of Accountancy.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Robinson.**

**Abstain: None.**

C. President.

**It was moved by Ms. Molina Lopez and seconded by Ms. Hinds to reappoint Nancy J. Corrigan, CPA as President of the California Board of Accountancy.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Robinson.**

**Abstain: None.**

XII. Closing Business.

A. Agenda Items for Future California Board of Accountancy Meetings.

Mr. Jacobson requested a discussion regarding what is substantially related to the practice of public accounting be put on a future agenda.

Ms. Hinds also requested a discussion regarding what is substantially related to the practice of public accounting be put on a future agenda.

XIII. Petition Hearings.

A. John C. Gregor, CPA 48645 – Petition for Termination of Probation, Reduction of Penalty, and Reinstatement of Restricted Area of Practice.

The CBA heard Mr. Gregor's petition for termination of probation, reduction of penalty, and reinstatement of restricted area of practice.

B. Aaron Obenyah, CPA 123746 – Petition for Termination of Probation and Reduction of Penalty.

The CBA heard Mr. Obenyah's petition for termination of probation and reduction of penalty.

- XIV. Closed Session: Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy will Convene into Closed Session to Deliberate on the Above Petitions.
- XV. Closed Session: Pursuant to Government Code Section 11126(a)(1), the California Board of Accountancy Will Meet in Closed Session to Conduct the Annual Evaluation of its Executive Officer.
- XVI. Closed Session: Pursuant to Government Code Section 11126(e), the California Board of Accountancy Will Convene Into Closed Session to Receive Advice From Legal Counsel on Litigation.
  - A. *Sam Walker and Sam Walker CPA, Inc. v. Department of Consumer Affairs, California Board of Accountancy, and the Office of Administrative Hearings*, Los Angeles County Superior Court, Case No. BS171533.
  - B. *Lanfeng Zhao and ELZ Accountancy Corporation v. California Board of Accountancy*, Los Angeles Superior Court, Case No. 18STCP02951.
  - C. *Michael D. Robinson v. California Board of Accountancy*, San Francisco County Superior Court, Case No. CPF-19-516602.
- XVII. Closed Session: Pursuant to Government Code Section 11126(c) (3), the California Board of Accountancy Will Convene Into Closed Session to Deliberate on Enforcement Matters.

President Corrigan adjourned the meeting at 5:25 p.m. on Thursday, November 19, 2020.

\_\_\_\_\_  
Nancy J. Corrigan, CPA, President

\_\_\_\_\_  
Mark J. Silverman, Esq., Secretary/Treasurer

Rebecca Reed, Board Relations Analyst, and Patti Bowers, Executive Officer, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.